

**FRANCHISE TAX BOARD
MINUTES
DECEMBER 16, 1999**

The Franchise Tax Board met in open session at 10:00 a.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Kathleen Connell, Hon. Johan Klehs, and Hon. B. Timothy Gage.

Franchise Tax Board

Staff Participating: Gerald Goldberg, Brian Toman, Johnnie Lou Rosas, Anne Smith, Ben Miller, Janet Ballou, Larry Counts, and Katie Horn.

Others Participating: Richard Harris representing himself, Albert Shifberg representing Society of Enrolled Agents, Tim Hayes representing Deloitte & Touche, Jess Penilla representing Deloitte & Touche, Dave Doerr representing Cal-Tax, Gina Rodriguez representing Spidell Publishing, Carl Lonton representing National Association of Lottery Purchasers, Michael Damore representing Woodbridge-Sterling, Vic Ioppolo representing California Senior Legislature, John Kehoe representing Commission on Aging, Rich Glover representing himself, Lenny Goldberg representing Privacy Rights Clearinghouse.

Item 1. - Approval of Board Minutes

The Minutes of the November 8, 1999, Franchise Tax Board meeting were amended and unanimously approved as amended.

Item 2. - Taxpayers' Bill of Rights Hearing

[Minutes to be submitted at the next Board meeting.]

Item 3. - Child Support

Mr. Gerald Goldberg reported that a director for the department of child support services has not yet been chosen, that the department has met with federal officials in Washington, and that the department is moving forward on schedule.

Item 4. - Internet Filing

This item was put over until the next Board meeting.

Item 5. - Legislative Matters

LP 00-19 HRA filing: change filing period from May 15-August 31 to July 1-October 15 was withdrawn by staff.

The Board voted 2-0 (Member Gage abstaining) to sponsor the following proposals:

LP 99-50 Deficiency assessments (Wertin) -- Redraft

- LP 00-3 Eliminate reference to "income year" in BT&C Law
- LP 00-10 Acts involving fraudulently obtained refunds
- LP 00-22 LAMBRA "vouchering" requirement
- LP 00-25 Water's-edge election procedures
- LP 00-26 Repeal of water's-edge net operating loss limitation

Federal conformity proposals

- LP 00-1 Information returns
- LP 00-2 Returns of individuals and fiduciaries
- LP 00-5 Interest on unpaid tax and deficiencies
- LP 00-12 Partial conformity of exempt law to federal law

Technical proposals

- LP 00-13 Interest on erroneous refunds/delete provision added in error
- LP 00-14 Amend Corporations Code to reference the correct R&TC section
- LP 00-15 Technical change to correct reference

Item 6. - Regulation Matters

- a. The staff report was unanimously accepted on Pending Regulations 25106.5 (Combined Report Apportionment Rules) and 25106.5-2 (Treatment of Capital Losses in a Combined Report). An ordering error needs to be corrected in Section 25106.5, and the amendments need to be noticed for a 15-day period for public comment, prior to being considered by the Board for adoption.
- b. The staff report was unanimously accepted on Pending Regulation 17951-4, and staff was authorized to proceed with the formal rulemaking process.

Item 7. - Executive Officer's Annual Performance Evaluation

The Board adopted the written report.

Item 8. - Executive Officer's Time

Mr. Goldberg announced that Larry Counts, Assistant Chief Counsel, will be retiring and commended him on his service to the Board. A Resolution for Larry will be presented at a subsequent Board meeting.

Item 9. - Board Member's Time

The Board unanimously approved all Employee Recognition Resolutions.
(James W. Butler and Sally Robles)

Item 10. - Chair Announcement Regarding Closed Session

Chair Connell announced the agenda for the Closed Session, pursuant to Government Code section 11126.3.

The meeting was adjourned at 11:55 a.m.

Board Secretary

Date